

Revenue Account Code 512124

Rental Vehicle Sales Tax

General Instructions

Effective July 1, 2003, a rental vehicle sales tax of 4% is due on the base rental charges from those businesses in Montana that engage in renting vehicles that: rent for a period not exceeding 30 days; rent without a driver, pilot, or operator; designed to transport 15 or fewer passengers; rented pursuant to a contract for insurance.

Base rental charges include: charges for time of use of a rental; mileage; personal accident insurance; additional drivers or under age drivers; and accessory equipment (child safety seats, luggage racks etc.).

Base rental charges do not include: vehicle discounts; fees imposed to operate at an airport terminal; motor fuel; intercity vehicle drop charges; and taxes imposed by federal, state, and local governments. Charges not subject to the tax must be separately stated on invoice given to purchaser.

Exclusions from the tax include: all sales to the United States Government or any agency or instrumentality of the US Government; Sales by non-profit organizations that have a tax-exempt designation under the provisions of section 501(c)(3) of the I.R.C.; and sales of property for resale.

Businesses that engage in sales of rental vehicles who are subject to the new 4% rental vehicle sales tax must obtain a permit. The department will issue a separate numbered permit for each location where a place of business is maintained.

Rental vehicle sales tax returns are due to the department on or before the last day of the month following the calendar quarter.

All rental vehicle sales tax permit holders are required to file tax returns even if their business has no sales during the quarter. Tax returns filed or paid after the due date will not be allowed the 5% vendor allowance. In addition, returns filed or paid late will be charged penalty and interest.

Filing Instructions

Line 1. Enter the amount of taxable sales for the period covered by the return.

The following are taxable vehicle rentals:

- Automobiles (including vans, sport utility vehicles, or trucks having a capacity of 1 ton or less)
- Motorcycles
- Motor-driven cycles (meaning motorcycles or scooters with a motor that produces 5 horsepower or less)
- Quadricycles (meaning a four-wheeled motor vehicle, designed for on-road or off-road use, that has a motor that produces 50 horsepower or less)
- Motorboats (including a canoe, kayak, personal watercraft, rubber raft or pontoon, propelled by any motor or engine of any description)
- Sailboats (means any vessel that uses a sail and wind as its primary source of propulsion),
- Off-highway vehicles (including motorcycles, quadricycles, dune buggies, amphibious vehicles, deriving power from any source other than muscle or wind)
- A truck, trailer, or semi-trailer that has a gross vehicle weight of less than 22,000 pounds, used to transport personal property

Vehicles not subject to the rental vehicle sales tax include: farm vehicles, machinery, equipment, travel trailers, motor homes, airplanes, snowmobiles, golf carts and sail boards.

Line 2. Multiply line 1 by the sales tax rate.

Line 3. Multiply line 2 by the vendor allowance. In order to receive the vendor allowance, the return must include full remittance and be postmarked by the due date. The vendor allowance cannot exceed \$1,000 per quarter.

Line 4. Enter amount of previous sales taxes paid by a person on sales found to be worthless and actually deducted as a bad debt for federal income tax purposes.

Line 5. Enter amount of taxes collected, previously written off as bad debts.

Line 6. Enter amount of rental vehicle sales tax due (sum of lines 2 - 5).

Line 7. Enter amount of penalty and interest if applicable. The late filing penalty is \$50 or the amount of tax due whichever is less. The late pay penalty is 1.5% a month on the unpaid tax. Interest is 12% per year, accrued at 1% a month.

Line 8. Enter total amount paid with return (sum of lines 6 and 7).

Complete the Form RT payment coupon to remit payment. Do not type numbers or use dollar signs. Use blue or black ink only.